

Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-08 IO-04 ISO-00 EB-04 FEAE-00 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-01 INR-05

INT-05 L-01 LAB-01 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 USIA-06 PRS-01 SP-02

OMB-01 SWF-01 EA-06 /084 W
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FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC 8000

INFO AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ECON, EFIN, FI

SUBJECT: IMF TRADE DECLARATION

REF: STATE 229673

SUMMARY: FINLAND UNLIKELY EARLY SIGNATOR OF IMF
TRADE DECLARATION. END SUMMARY.

1. EMBASSY RAISED SUBJECT WITH BANK OF FINLAND
DIRECTOR JORMA ARANKO (BANK HANDLES ALL IMF MATTERS
FOR GOVERNMENT). ARANKO STATED BANK DIRECTORS HAD
THOROUGHLY CONSIDERED PROPOSAL, AND HAD MADE NO
FINAL DECISION, BUT THAT FINNISH AGREEMENT TO PLEDGE
"UNLIKELY" SO LONG AS UNCERTAINTY ABOUT FINANCING
HUGE BALANCE OF PAYMENT DEFICITS REMAINED.

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2. ARANKO SAID THAT FINLAND HAD SUPPORTED OECD

DECLARATION, BUT THAT PREFACE CONTAINED EXPLICIT RECOGNITION THAT PROBLEMS FACED BY MEMBERS VARY AND IMPLICIT RECOGNITION THAT APPROPRIATE ACTIONS COULD ALSO VARY BY COUNTRY. ARANKO STATED IMF DECLARATION MORE RESTRICTIVE, AND CONTAINED NO ASSURANCES FOR COUNTRY SUCH AS FINLAND REGARDING FINANCING OF DEFICITS AT REASONABLE COST. ACCORDINGLY FINLAND COULD NOT GIVE UP THE "OPTION" TO USE MEASURES TO CONTROL THE DEFICIT. ARANKO STATED HOWEVER THAT SUCH MEASURES WERE NOT CURRENTLY UNDER DISCUSSION AT THE BANK.

3. ARANKO ALSO RAISED QUESTION OF SUITABILITY OF IMF AS FORUM IN THIS CASE, AND EXPRESSED UNCERTAINTY OVER COMPATIBILITY OF IMF PLEDGE AND GATT EMERGENCY PROVISIONS WHICH FINLAND CURRENTLY USING.

4. COMMENT: FINLAND'S CURRENT ACCOUNT SITUATION IS SERIOUS, WITH RESERVES DOWN TO THREE WEEKS OF IMPORTS, AND OPPORTUNITIES TO IMPORT CAPITAL AT REASONABLE COST MINIMAL. FINNISH DELEGATION TO IMF MEETING NOT ENCOURAGED BY DISCUSSION WITH IMF OFFICIALS ABOUT FINANCING MECHANISMS, NOR BY PROSPECTS FOR US SUPPORT OF A FINNISH APPLICATION FOR INCLUSION IN PETRO-DOLLAR RECYCLING MECHANISM. EMBASSY WOULD APPRECIATE BACKGROUND INFORMATION ON US POSITION.
HOUSTON

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Message Attributes

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